

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1672-01
Bill No.: HB 674
Subject: General Assembly; Retirement–State; Retirement Systems & Benefits–General
Type: Original
Date: March 27, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	\$0	(\$2,574,000)	(\$2,638,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$2,574,000)	(\$2,638,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Joint Committee on Public Employee Retirement** indicate that the legislation represents a “substantial proposed change” in future plan benefits. As such, an actuarial cost statement is required prior to final action on the legislation by either legislative body or committee thereof.

Officials with the **Office of Administration** indicate that the Missouri State Employees' Retirement System should determine the potential cost of the proposal.

Officials with the **Missouri State Employees' Retirement System (MOSERS)** assume the proposal will increase the legislative benefit formula in the Missouri State Employees' Plan (MSEP) from \$150 per biennial assembly to \$150 multiplied by years of creditable service, as well as change the vesting requirement in the MSEP from three biennial assemblies to two biennial assemblies.

MOSERS obtained an actuarial cost valuation for the proposed changes, and estimates that the required contribution as a percentage of payroll for all employees will increase by 0.14%, or \$2,574,000 annually, based on a \$1.84 billion payroll estimate for June 30, 2002.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
VARIOUS STATE FUNDS			
<u>Cost—Various State Agencies</u>			
Additional MOSERS Contributions	<u>\$0</u>	<u>(\$2,574,000)</u>	<u>(\$2,638,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Under current law, a legislator's retirement annuity is based on the number of biennial assemblies. This bill changes the basis to the years of service.

DESCRIPTION (continued)

Effective August 28, 2001, the bill makes former members of the General Assembly who served at least 2 full terms and had no creditable service for the same period in another system special consultants on the problems related to retirement. As compensation for consulting duties, the former member will be entitled to retire with a normal annuity effective the first of the month following application. In no event will retroactive benefits be paid.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Office of Administration
Missouri State Employees' Retirement System

A handwritten signature in black ink, appearing to read "Jeanne Jarrett", with a stylized, cursive script.

Jeanne Jarrett, CPA
Director

March 27, 2001